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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR X0XX
DA WASHDC FOR SASA
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CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Aftermath of Obama-Netanyahu Meeting

Key stories in the media:

Leading media quoted Secretary of State Hillary Clinton as saying yesterday at a Senate hearing, following the successful test-launching of an Iranian missile, that if Iran managed to produce a nuclear weapon it would "spark an arms race" in the Middle East. Israel Radio reported that she stressed the importance of

progress on the Palestinian track. Leading media reported that, in an interview with Al Jazeera-TV, Clinton called for an absolute stop to all settlement activity, including freezing construction for natural growth. The Jerusalem Post and other media quoted sources close to PM Benjamin Netanyahu as saying that the terms of a settlement freeze still needed to be defined.

HaQaretz reported that Defense Ministry sources told the newspaper yesterday that PM Benjamin Netanyahu and DM Ehud Barak have agreed on a plan to evacuate unauthorized outposts in the West Bank, mainly those located on Palestinian land, within weeks. The sources were quoted as saying that Barak intends to dismantle a number of outposts out of 26 illegal ones. HaQaretz quoted cabinet ministers, including those from Likud, as saying yesterday that Netanyahu probably promised President Obama in their meeting that Israel would dismantle outposts soon. Major media reported that Barak told the Yesha Council of Jewish Settlements in the Territories yesterday that Israel will dismantle the illegal outposts by force if dialogue proves fruitless. Barak is trying to reach an agreement with the settlers on dismantling the outposts. HaQaretz reported that evacuating illegal outposts in the West Bank is expected to be the Netanyahu government's first gesture toward Obama and the PA. This morning electronic media reported that Israeli security forces evacuated the West Bank settlement outpost of Maoz Esther, hauling away seven metal containers converted to cabins. Media quoted Peace Now Secretary-General Yariv Oppenheimer as saying in response, "The evacuation of the tiny outpost is a PR stunt and is no substitute for the evacuation of the significant outposts in the territories. The evacuation of a few tents is no way to seriously deal with illegal construction in the territories."

Major media reported that the U.S. will continue funding the development of Arrow 3, the next generation missile in Israel's ballistic-missile defense system. HaQaretz reported that a decision on the matter was made during the annual meeting of strategic dialogue between Israel and the U.S., held at the Pentagon this week. HaQaretz recalled that, in recent months, there were grave concerns that the cuts planned in the Pentagon would also affect funding for the Arrow 3, whose total development cost is estimated at \$800 million.

Electronic media reported that yesterday the FBI arrested four men in what authorities called a plot to detonate a bomb outside a Riverdale, Bronx synagogue and to shoot military planes at the New York Air National Guard base with guided missiles. Israel Radio reported that the suspects also targeted a Jewish community center.

Most media marked "Jerusalem Day," which celebrates 42 years of the reunification of Jerusalem. HaQaretz quoted Nabil Abu Rudeineh, spokesman for Palestinian President Mahmoud Abbas, as saying that if Israel opts for peace and has a leader who is willing to make genuine compromises, a peace agreement could be reached within three to six months. HaQaretz quoted Palestinian sources as saying that the PA would only be willing to relinquish Palestinian sovereignty over the Temple Mount as part of a final-status agreement in exchange for Islamic sovereignty over the site. Israel Radio quoted the Israeli NGO Palestinian Media Watch as saying that official PA media systematically rebuff historical Jewish claims to Jerusalem and its holy sites. Various media cited statistics compiled by the Jerusalem Institute for Israel Studies that for the first time in years the migration balance is in Jerusalem's favor.

Israel Radio quoted Uzi Arad, the head of Israel's National Security Council, as saying that the U.S. administration has not yet formulated a peace plan. Arad reportedly said that details that appeared in the Israeli media are more numerous than those presented to Netanyahu in Washington. Maariv quoted a senior GOI source as saying that Israel fears that President Obama's peace initiative will turn Israel from a major player to a minor one. The newspaper quoted another GOI source as saying that bilateral relations and cooperation have not changed. The media quoted Netanyahu's PR chief Ron Dermer as saying yesterday during the PM's flight back from Washington that talking about the two states for two peoples solution is childish and silly. Maariv said that Dermer's widely quoted slip of the tongue attested to a wide gap between Israeli and American positions.

The Jerusalem Post quoted PA officials as saying yesterday that they

had been QsurprisedQ to hear about President ObamaQs new peace plan from the Israeli media, noting that Washington had not informed the PA leadership about the initiative. The Jerusalem Post quoted a PA official as saying that Mahmoud Abbas and his aides were currently studying the plan, which, he added, included Qseveral positive points.Q The official stressed, however, that some of the proposals mentioned in the plan were completely unacceptable to the Palestinians. Senior PA official Qadura Fares was quoted as saying in an interview with Makor Rishon-Hatzofe that the Palestinians hope that ObamaQs statements will translate into actions. Former PA minister Sufian Abu-Zayde told the same newspaper that the Palestinians have had enough of idle and fruitless talks with Israel. Israel Radio quoted Egyptian FM Ahmed Abu al-Gheit as saying in an interview with the London-based Ash-Sharq Al-Awsat as saying that he does not believe that the Arab states will be willing to start multi-channel negotiations and normalize relations with Israel until Israel takes serious steps that will lead the Arab states to believe its intentions.

The Jerusalem Post reported that, during a meeting with Jewish members of Congress, PM Netanyahu struck a pragmatic note in expressing the need to address the threat posed by Iran. The Jerusalem Post reported that Deputy FM Danny Ayalon told the newspaper that ObamaQs statements about how to advance the peace process do not differ significantly from those of George W. Bush. Yediot quoted European sources as saying that a Qsenior Saudi officialQ told a European foreign minister that the real option against Iran can eventually only be military.

Maariv reported that Russia has suspended its sales of MiG 31E fighter planes to Syria, following Israeli pressure.

Leading media cited claims by the Lebanese daily As-Safir that Mossad recruited a Lebanese agent to be in contact with Hizbullah leader Hassan Nasrallah. Maariv quoted Nasrallah as saying on HizbullahQs Al Manar-TV that the real danger stems from IsraelQs nuclear capability, not IranQs. Israel Radio quoted UN Under-Secretary-General for Peacekeeping Operations Alain Le Roy as saying that it is unlikely that Hizbullah has bolstered its forces in southern Lebanon since the Second Lebanon War. However, he admitted that he was not absolutel sure of this fact. Nonetheless, the radio citedthe concern of Western diplomats that Hizbullah tht Hizbullah filled its arsenal in the area and that UNIFIL does not manage to prevent the flow of weapons to the area.

Israel Radio reported that this morning in Qalqilya two IDF soldiers were lightly injured by a PA policeman and that they fired back, wounded him -- perhaps a case of mistaken identification.

The Jerusalem Post reported that the GOI has frozen the expansion of Israeli-operated quarries in the West Bank and has banned the establishment of new quarries for six months, following a High Court petition challenging the legality of the excavations.

Aftermath of Obama-Netanyahu Meeting:

Block Quotes:

II. "A Friend of Israel"

Very liberal columnist Gideon Levy wrote in the independent, left-leaning Ha'aretz (5/21): QIt's already clear: The President of U.S. is a great friend of Israel. If Barack Obama continues what he started this week, he might prove to be the friendliest president to Israel ever. Richard Nixon saved Israel from the Arab states in 1973, and Obama is about to save Israel from itself. Nixon sent us arms and ammunition at a critical time, and Obama is sending us, at a time no less critical, the substance of a complete peace plan, a plan that would save Israel. All that remains is whether Obama stays determined and decisive, as he was earlier this week. In one move he changed Washington's madness and the attitude toward the Israeli occupation. Now we will see if he succeeds in altering the same madness in Jerusalem and Tel Aviv. It's a long road, and Obama began well.... [Benjamin NetanyahuQs] visit has already made one contribution: Obama tore off the mask of so-called peace-loving

Israel.... We must be thankful to Obama. Four months after taking office, he is trying to rescue Israel, the Middle East, and basically the entire world, whose most dangerous conflict is this one. The threats are many; first and foremost refusals by Israel, a loss of interest by Obama, and Palestinian divisions. The ball is in Netanyahu's court. If he ends the occupation, he'll get peace and security; if he doesn't, he won't. It's not about another minor deal, but about the future of the Zionist enterprise. Such an opportunity will not return. Yes, we can. Obama has proved it; now it's our turn.

II. "Outposts ad Centrifuges"

Columnist Ari Shavit wrote in HaQaretz (5/21): QTalking about peace, even making peace, won't stop the ayatollahs. And if the ayatollahs are not stopped in the coming year, the peace discourse will lose its meaning and any peace agreement would be empty. Anyone wanting peace must find an answer for Iran. This is the eleventh hour. It's time for the ostriches to take their heads out of the sand. There is no time. Netanyahu's government must act before Obama's speech in Cairo in early June. It must present without delay a peace vision that is both inspiring and realistic. Evacuating outposts and halting construction in the settlements must be part of this vision. But it must focus on the proposal for Israel and the Arabs to sign a treaty to build Palestine. A coalition of moderate forces can thus act jointly in the Middle East to change the situation on the ground. On his return from Washington, Netanyahu is supposed to realize that it's now or never. The left may be irritating, but the right is restrictive. Israel must act if it is to answer to its challenges. It must put together an Israeli initiative. But to formulate an Israeli initiative, Netanyahu must finally release himself from the grip of the deluded right.

III. "The Peace Plan That IsnQt -- Yet"

Zalman Shoval, a senior Likud member and former ambassador to the U.S., wrote in the conservative, independent Jerusalem Post: (5/21): QWhat stands out clearly throughout the [Saudi peace] QplanQ is that its authors ignored the principle that compromise was a two-way street and that not only Israel would have to make concessions. Evidently, the [U.S.] administration is aware of the many shortcomings and negative aspects of the QplanQ in its present form, and consequently it has taken steps in its contacts with Arab leaders to introduce changes -- both as to the contents and to its form. In this context there was the statement a few weeks ago of Secretary of State Hillary Clinton Qthat the Arabs must through words and deeds show that the spirit of the peace initiative can begin to govern attitudes towards Israel now,Q while President Obama, in his press conference with the King of Jordan, indicated that though the Arab initiative could be seen as a Qconstructive beginning,Q the Arab countries should "demonstrate their commitment to the peace process.Q After his meeting with Netanyahu, he called on Arab states to QnormalizeQ relations with Israel. A similar statement was made by Vice President Joseph Biden and in the same vein, The New York Times wrote last week that QMr. Obama should challenge Arab leaders to respond, perhaps by initiating openly acknowledged diplomatic contacts and trade with Israel.Q One of the objects of diplomacy is sometimes to latch onto a certain situation and to change it to one's own advantage. Unfortunately, the Arab peace plan as it stands today has yet to convince Israel that we have a real partner in the quest of peace in our region, but if the Arabs were ready for genuine, unconditional, negotiations with the object of peace, things could take a turn for the better.

IV. QObama Is Dividing Jerusalem

Settler leader Israel Harel wrote in HaQaretz (5/21): QBesides the demand to exert powerful pressure on Israel, [Israeli] peacemakers demanded that Obama also end the Qspecial relationshipQ between the United States and Israel. These relations, the Israeli patriots explained, are damaging to U.S. interests. Here, too, their labors bore fruit. The speech on a vision of peace for the Middle East, slated for June 4, will not be given at the White House, not even at a joint session of Congress. Only by delivering the speech in

Cairo, intentionally skipping a visit to Jerusalem (and even to Tel Aviv!), will the spirit of peace alight on the lips of the American messiah. Obama has little knowledge of the history, ideology and psychology of the Arab opposition to the Jewish state's existence. But he has a strategy: to thaw relations with Islam. It is clear what will be demanded in return. Obama has tossed a lot of balls into the air, maybe too many. Even a magician like him cannot catch them all. The last ball, the especially heavy one of the Obama plan, might land on his foot, but also on the feet of everyone in the region, who will pay the price imposed on them by the person who wants (by force) to change the order of things. That will also be the case if he does not set aside his disconnected initiatives and quickly connect to reality in other places in the world, as well as at home. Today, Jerusalem Day, a state ceremony will be held marking 42 years since the liberation of Israel's capital. In his speech, Netanyahu can somewhat cool down Obama's messianic fervor and (politely) make clear to whom -- exclusively -- Jerusalem belongs. He can pledge that after the Paratroopers liberated the city in 1967, no foreign power will ever again pass through its gates.

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